

**CLERK, CIVIL DISTRICT COURT**  
**FOR THE PARISH OF ORLEANS**

**SALARY FUND**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2012**

# Clerk, Civil District Court for the Parish of Orleans

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# **Clerk, Civil District Court for the Parish of Orleans**

Management's Discussion and Analysis  
Year Ended June 30, 2012

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's discussion and analysis (MD&A) of the Clerk, Civil District Court for the Parish of Orleans (the Clerk's) financial performance is designed to provide an overview of the financial activities as of and for the fiscal year ended June 30, 2012. This information should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is required information that provides an overview of the Clerk's basic financial statements and financial activities. Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated in all material aspects. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided on these reports.

This annual report consists of a series of financial statements. The Clerk's basic financial statements consist of the following components: Government-Wide Financial Statements and Fund Financial Statements.

### **Government-Wide Financial Statements**

The Statement of Net Assets reflects the financial position of the Clerk's office. The unrestricted fund balance for the Salary Fund, as reflected in this statement consists of funds available for future spending to meet the needs of the Clerk's Office.

The Statement of Activities reflects the changes in net assets. Net assets, the difference between assets and liabilities, are one way to measure the financial health of an entity. Over time, increases or decreases in net assets are one indicator of whether an entity's financial health is improving or deteriorating.

The Statement of Net Assets and the Statement of Activities report information on the Clerk of Court as a whole and about its activities in a way that shows the overall financial health of the office. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

### **Fund Financial Statements**

Fund financial statements report detailed information on the Salary Fund maintained by the Clerk's office. This fund is established as mandated by State laws.

The Clerk of Court uses governmental funds for basic services. Governmental funds focus on how money flows into and out of the operating accounts and reflect the balances left at year-end that are available for spending. These funds are reported under the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash.

## **Clerk, Civil District Court for the Parish of Orleans**

Management's Discussion and Analysis  
Year Ended June 30, 2012

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### **Fund Financial Statements - (continued)**

The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs.

### **FINANCIAL HIGHLIGHTS**

The financial statements provide details of the current year's operations:

As of June 30, 2012, the Clerk, Civil District Court for the Parish of Orleans had Unrestricted Net Assets of \$13,533,151 representing the portion available to maintain the continuing obligations to citizens. Unrestricted Net Assets represents the net balance of all types of assets accumulated by the Clerk in excess of the amount invested in "capital assets" and any "restricted assets". Restricted assets are those that are constrained by creditors, grantors, contributors, or by laws and regulations.

Total government-wide assets as of June 30, 2012 were \$16,206,882 and total liabilities were \$2,257,061. In accordance with statutory requirements, the Clerk has no bonded indebtedness or long-term notes.

The most significant continuing revenue sources for governmental activities were court filing fees and recording fees.

### **ORLEANS PARISH CLERK OF COURT AS A WHOLE**

Because the Registry of the Court Agency Fund is on a calendar year basis and is reported in a separate audit report, only the Salary Fund is included in this discussion and analyses.

### **FINANCIAL ANALYSIS OF THE CLERK OF COURT AS A WHOLE (GWFS)**

The Statement of Net Assets and the Statement of Activities report only one type of activity - governmental activities. Most of the basic judicial services are reported as this type. Fees charged to the public finance all of these activities.

## Clerk, Civil District Court for the Parish of Orleans

Management's Discussion and Analysis  
Year Ended June 30, 2012

Our analysis below focuses on the net assets of the governmental-type activities:

### Condensed Statement of Net Assets

	2012	2011	Dollar Change	Total Percent Change
Current and Other Assets	\$ 15,790,212	\$ 12,099,257	\$ 3,690,955	30.51 %
Capital Assets (net of accumulated depreciation)	416,670	142,393	274,277	192.62 %
Total Assets	16,206,882	12,241,650	3,965,232	32.62 %
Current Liabilities	1,331,798	1,154,576	177,222	15.35 %
Non-Current Liabilities	925,263	632,159	293,104	46.37 %
Total Liabilities	2,257,061	1,786,735	470,326	26.32 %
Invested in Capital Assets	416,670	142,393	274,277	192.62 %
Unrestricted	13,533,151	10,312,522	3,220,630	31.32 %
Total Net Assets	\$ 13,949,821	\$ 10,454,915	\$ 3,494,906	33.43 %

The Clerk's net assets increased by \$3,494,906, as a result of this year's operations and a one-time Intergovernmental Transfer in from the Judicial Expense Fund. The increase in Current and Other Assets is due to an increase in cash and receivable balances. The increase in Current Liabilities is due to an increase in accounts payable at the end of the year. The increase in Non-Current Liabilities was due to the recognition in accordance with GASB 45 of other post-employment benefits liability.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased as a result of this year's operations. The balance in net assets represents the accumulated results of all past years' operations.

## Clerk, Civil District Court for the Parish of Orleans

Management's Discussion and Analysis  
Year Ended June 30, 2012

### Condensed Statement of Activities

	2012	2011	Dollar Change	Total Percent Change
Total Program Expense	\$ (9,227,592 )	\$ (9,151,296 )	(76,296)	(0.83)%
Total Program Revenues	11,052,211	10,460,233	591,978	5.66%
Net Program Income	1,824,619	1,308,937	515,682	39.40%
General Revenues	1,670,287	224,995	1,445,292	642.37%
Change in Net Assets	3,494,906	1,533,932	1,960,974	127.84%
Net Assets:				
Beginning of the year	10,454,915	8,920,983	1,533,932	17.19%
End of Year	\$ 13,949,821	\$ 10,454,915	\$ 3,494,906	33.43%

The Clerk's total revenues for the year in governmental activities were \$11,052,211 in program revenues and \$1,670,287 in general revenues. The total cost of all programs and services was \$9,227,592.

### FINANCIAL ANALYSIS OF THE CLERK OF COURT'S SALARY FUND

Analyzing this fund helps to determine whether the Clerk is using her resources in a responsible manner and maintaining the financial integrity of the office.

The Salary Fund reported a fund balance increase of \$2,078,555.

### Condensed Statement of Revenues, Expenditures and Changes in Fund Balances

	2012	2011	Dollar Change	Total Percent Change
Total Revenues	\$ 11,286,959	\$ 10,685,228	\$ 601,731	5.63%
Expenditures:				
Current	8,809,790	8,775,303	34,487	0.39%
Capital Outlay	398,614	102,804	295,810	287.74%
Total Expenditures	9,208,404	8,878,107	330,297	3.72%
Net Change in Fund Balance	2,078,555	1,807,121	271,434	15.02%
Fund Balance:				
Beginning of the year	11,086,423	9,279,302	1,807,121	19.47%
End of Year	\$ 13,164,978	\$ 11,086,423	\$ 2,078,555	18.75%

# Clerk, Civil District Court for the Parish of Orleans

Management's Discussion and Analysis  
Year Ended June 30, 2012

## **SALARY FUND BUDGETARY HIGHLIGHTS**

The Clerk, Civil District Court for the Parish of Orleans' budget for July 1, 2011 – June 30, 2012 was proposed and made available for public inspection by the Clerk, Civil District Court for the Parish of Orleans. There were no budget amendments during the current fiscal year.

A comparison of the budget to actual amounts follows:

	Original Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Fees, charges, and commissions for services:			
Filing and recording fees for legal documents	\$ 8,752,701	\$ 9,925,388	\$ 1,172,687
Fees for copies of documents	1,204,004	1,126,823	(77,181)
FEMA stabilization project	300,000	0	(300,000)
Use of money and property – interest earnings	223,212	234,748	11,536
<b>Total Revenues</b>	<b>\$ 10,479,917</b>	<b>\$ 11,286,959</b>	<b>\$ 807,042</b>
<b>Expenditures</b>			
General government:			
Personnel services and related			
Benefits	\$ 8,219,785	\$ 6,533,104	\$ 1,686,681
Operating services	2,418,815	2,276,686	142,129
Capital Outlay	1,115,464	398,614	716,850
<b>Total Expenditures</b>	<b>\$ 11,754,064</b>	<b>\$ 9,208,404</b>	<b>\$ 2,545,660</b>
Excess revenues (expenditures)	(1,274,147)	2,078,555	3,352,702
Fund balance at beginning of year	12,189,040	11,086,423	(1,102,617)
<b>Fund balance at end of year</b>	<b>\$ 10,914,893</b>	<b>\$ 13,164,978</b>	<b>\$ 2,250,085</b>

## Clerk, Civil District Court for the Parish of Orleans

Management's Discussion and Analysis  
Year Ended June 30, 2012

### **SALARY FUND BUDGETARY HIGHLIGHTS – (Continued)**

The favorable variance of \$1,172,687 in the filing and recording fees for legal documents and charges is due to the Clerk's estimate of revenue for the fiscal year July 1, 2011 to June 30, 2012 budget was conservative due to uncertainties in amount of fees that would be collected and the amount of fees that would be retained by the Clerk, rather than transferred to the Judicial Expense Fund. The favorable variance of \$1,686,681 in personnel services & related benefits expense is due to a reduction in personnel as a result of consolidating the divisions. The favorable variance of \$142,129 in operating services expense is due to the implementation of controls over spending to create more efficient procedures. The favorable variance of \$716,850 in capital outlay is a result of the budgeted amount included the purchase and implementation of a unified indexing system and related software. The project is still in the development stages; therefore, all of the budgeted funds were not spent during the current fiscal year. The unfavorable variance of \$300,000 in FEMA stabilization project revenue is because FEMA had not yet reimbursed the Clerk for the project.

### **CAPITAL ASSETS**

The Clerk's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2012 was \$416,670.

Computer Software	\$ 266,531
Equipment	267,647
Furniture & Fixtures	119,010
Total Cost	653,188
Accumulated Depreciation	(236,518)
Net Capital Assets	416,670
Depreciation Expense	\$ 124,337

### **LONG TERM OBLIGATIONS**

Clerks of Court are not allowed to incur long-term indebtedness for bonds or notes payable; therefore, the Clerk had no long-term debt outstanding.

The Clerk has two non-cancellable long-term lease agreements for office space that expire July 2013 and April 2014. The Clerk has two non-cancellable long-term lease agreements for file storage that expire May 2014. Lease payments made during the year totaled \$547,928. The monthly lease rental for the leases total \$45,389.

The Clerk had three lease agreements for vehicles. The lease term for one of these leases is 36 months beginning on the date the lease is signed and the other two are for 48 months. Lease payments made for the vehicles during the year totaled \$14,356 which is included in office operations. The monthly minimum lease rental for the leases is \$1,410.

## **Clerk, Civil District Court for the Parish of Orleans**

Management's Discussion and Analysis  
Year Ended June 30, 2012

As of July 1, 2009, the Clerk has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The adoption of this standard requires the prospective recognition of Other Post Employment Benefits (OPEB) in the basic financial statements (net of contributions to any irrevocable trust). Prior to July 1, 2009, the Clerk did not recognize any OPEB liability in the basic financial statements. During the current year the Clerk was not required to and did not have another actuarial calculation performed on the annual OPEB cost and consequently the same estimate was made for the current year. See Note 7 to the basic financial statements for further discussion of the Other Postemployment Benefits. At the end of the current year

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the Plan:

Annual Required Contribution	\$350,203
Interest on Net OPEB Obligation	14,008
Annual OPEB Cost (Expense)	364,211
Contributions Made	(71,107)
Increase in Net OPEB Obligation	293,104
Net OPEB Obligation - beginning of year	632,159
Net OPEB Obligation - end of year	\$925,263

### **ECONOMIC FACTORS AFFECTING OPERATIONS**

The Clerk of Court's Office is primarily financed by filing fees and recording fees charged to the public and costs for services rendered. The setting of these fees and costs is regulated by the Louisiana Revised Statutes which gives the Judges of the Civil District Court authority to set fees. The Clerk has no authority or discretion in setting fees.

### **CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Clerk, Civil District Court for the Parish of Orleans' finances and to show the Clerk of Court's accountability for the money it receives. If you have questions about this report or need additional information, contact the Honorable Dale N. Atkins, Clerk, Civil District Court for the Parish of Orleans, New Orleans, La. 70112 at phone number (504) 592-3472.



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Dale N. Atkins  
Clerk, Civil District Court for the Parish of Orleans  
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund - Salary Fund of the Clerk, Civil District Court for the Parish of Orleans, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clerk, Civil District Court for the Parish of Orleans's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the activities of the Salary Fund of the Clerk, Civil District Court for the Parish of Orleans and do not purport to and do not present fairly the financial position of the Clerk, Civil District Court for the Parish of Orleans and the changes in its financial position, as of June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund-Salary Fund of the Clerk, Civil District Court for the Parish of Orleans as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule on the General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2012, on our consideration of the Clerk, Civil District Court for the Parish of Orleans's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Stagni & Company*

Thibodaux, LA  
December 12, 2012



# Clerk, Civil District Court for the Parish of Orleans

Statement of Net Assets  
June 30, 2012

	Salary Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 14,003,842
Receivables	207,695
Due from Judicial Expense Fund	1,435,539
Prepaid expenses	143,136
Capital assets, net of accumulated depreciation	416,670
<b>Total Assets</b>	<b>16,206,882</b>
<b>Liabilities</b>	
Accounts payable	311,597
Accrued payroll liabilities	252,235
Escrow on deposit	28,289
Due to Judicial Expense Fund	530,792
Due to Others	208,885
Non-current liability – net OPEB liability	925,263
<b>Total Liabilities</b>	<b>2,257,061</b>
<b>Net Assets</b>	
Invested in capital assets	416,670
Unrestricted	13,533,151
<b>Total Net Assets</b>	<b>13,949,821</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,206,882</b>

*See notes to financial statements*

# Clerk, Civil District Court for the Parish of Orleans

Statement of Activities  
June 30, 2012

		Salary Fund
<b>Expenses</b>		
General government:		
Personnel services and related benefits	\$	6,826,569
Operating services		2,401,023
Total Expenses		9,227,592
<b>Program Revenues</b>		
Fees, charges, and commissions for services:		
Filing and recording fees for legal documents		9,706,186
Fees for copies of documents and facsimiles		1,126,823
Miscellaneous fees		219,202
Total Program Revenues		11,052,211
Net Program Income		1,824,619
<b>General Revenues</b>		
Interest earnings		234,748
Intergovernmental Transfer in		1,435,539
Total General Revenues		1,670,287
<b>Net Assets</b>		
Change in Net Assets		3,494,906
Beginning of year		10,454,915
End of year	\$	13,949,821

*See notes to financial statements*

# Clerk, Civil District Court for the Parish of Orleans

Balance Sheet - Governmental Fund  
June 30, 2012

		Salary Fund
<b>Assets</b>		
Cash and cash equivalents	\$	14,003,842
Receivables		207,695
Prepaid expenses		143,136
Total Assets		14,354,673
<b>Liabilities</b>		
Accounts payable		311,597
Accrued payroll liabilities		110,132
Escrow on deposit		28,289
Due to Judicial Expense Fund		530,792
Due to others		208,885
Total Liabilities		1,189,695
<b>Fund Equity</b>		
Assigned for:		
Unified indexing system		2,000,000
Post-employment benefits		3,959,203
Records preservation & stabilization		2,364,264
Backscanning		505,140
Book binding		284,348
FEMA stabilization project expenditures		450,000
JEF Transfer		1,435,539
Unrestricted		2,166,484
Total Fund Equity		13,164,978
Total Liabilities and Fund Equity	\$	14,354,673

*See notes to financial statements*

## Clerk, Civil District Court for the Parish of Orleans

Reconciliation of the Balance Sheet – Governmental Fund  
To the Statement of Net Assets  
June 30, 2012

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Total fund balance – governmental fund (fund financial statements)	\$ 13,164,978
Amounts reported for <i>governmental activities</i> in the statement of net assets (government-wide financial statements) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	416,670
Certain non-current liabilities – OPEB obligations – are not due and payable in the current period and therefore are not reported in the funds	(925,263)
Accrued due from Judicial Expense Fund is not due and receivable in the current period and therefore is not reported in the funds	1,435,539
Accrued compensated absences are not recorded on fund financials because they are not due and payable at June 30, 2010	(142,103)
Total net assets (government-wide financial statements)	\$ 13,949,821

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*See notes to financial statements*

## Clerk, Civil District Court for the Parish of Orleans

Statement of Revenues, Expenditures and  
Changes in Fund Balance – Governmental Fund  
Year Ended June 30, 2012

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### Revenues

#### Fees, charges, and commissions for services:

Filing and recording fees for legal documents	\$	9,706,186
Fees for copies of documents and facsimiles		1,126,823
Miscellaneous		219,202

Interest earnings		234,748
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Total Revenues		11,286,959
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### Expenditures

#### General government:

Personnel services and related benefits		6,533,104
Operating services		2,276,686

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Total Current Expenditures		8,809,790
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Capital Outlay		398,614
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Total Expenditures		9,208,404
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Excess of revenues over expenditures		2,078,555
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Fund balance at beginning of year		11,086,423
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Fund balance at end of year	\$	13,164,978
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*See notes to financial statements*

## Clerk, Civil District Court for the Parish of Orleans

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund Year Ended June 30, 2012

Change in fund balance (fund financial statements)	\$ 2,078,555
Amounts reported for governmental activities in the statement of activities (government-wide financial statements) are different because:	
Current year increase in compensated absences are not recorded on fund financials because they are not due and payable in the current year.	(361)
Current year increase OPEB	(293,104)
Current year increase in due from Judicial Expense Fund is not recorded on Fund financials because it is not due and receivable in the current year.	1,435,539
Governmental funds report capital outlays as expenditures in the individual fund. Governmental activities report depreciation expense to allocate the cost of those capital assets over the estimated useful lives of the asset.	
Capital asset purchases capitalized	398,614
Depreciation expense	(124,337)
Changes in net assets (government-wide financial statements)	\$ 3,494,906

*See notes to financial statements*

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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## **INTRODUCTION**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public, the recorder of court filings, and other acts, and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation - The accompanying financial statements of the Salary Fund of the Clerk, Civil District Court for the Parish of Orleans have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB, Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments.

Reporting entity – Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) as amended by GASB 39 establishes standards for defining and reporting on the financial entity. The focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

The Clerk is a discrete governmental financial reporting entity under the GASB standards.

Fund accounting - The Clerk of Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the clerk of court are classified into two categories: governmental (Salary Fund) and fiduciary (Agency Fund). These funds are described as follows:

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

### Salary Fund

The Salary Fund, as provided by Louisiana Revised Statute 13:751.4, is the principal fund of the Clerk of Court and accounts for the operations of the Clerk's office. The various fees and charges due to the Clerk's office are accounted for in this fund. General operating expenditures are paid from this fund.

### Agency Fund

The Registry of Court Agency Fund, as provided by Louisiana Revised Statute 13:1305, accounts for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of accounting – Fund Financial Statements (FFS) - The amounts reflected in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund (FFS), are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in these statements (FFS), use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

### Revenues

Filing fees and recording fees are recorded in the year in which they are earned. Interest income on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

### Expenditures

Expenditures are generally recorded under the modified accrual basis of accounting when the related fund liability is incurred.

Basis of accounting - Government-Wide Financial Statements (GWFS) - The Statement of Net Assets and the Statement of Activities (GWFS) display information about the Clerk, Civil District Court for the Parish of Orleans as a whole. These statements include all the financial activities of the Clerk, Civil District Court for the Parish of Orleans. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

Budget practices - The Clerk, Civil District Court for the Parish of Orleans' budget was proposed and made available for public inspection by the Clerk.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. There were no amendments to the budget in this fiscal year.

Cash and cash equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Uncollectible accounts receivable - The Clerk of Court considers all accounts receivable at June 30, 2012 to be fully collectible. Accordingly, no allowance for uncollectible accounts is required.

Capital assets - Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in their Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. No assets were sold during the current year. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Computers	3 years
Office Equipment	5 years
Furniture & Fixtures	5 years
Automobiles	5 years
Leasehold Improvements	20 years

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Compensated absences - Employees of the Clerk of Court's office earn from 1 to 4 weeks vacation leave per year based on years of service. The vacation time accrues on an employment anniversary date basis and must be used in the following year of service, otherwise it is forfeited. The accrued accumulated leave which had been unused by employees at June 30, 2012 has been included in the government - wide financial statements.

Fund equity - In the Fund Financial Statement, fund balance consists of Non-spendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance is amounts restricted to specific purposes. Committed fund balance is amounts that can only be used for specific purposes pursuant to official action prior to the end of the reporting period. Assigned fund balance is amounts the Clerk intends to use for a specific purpose but is neither restricted nor committed. The Clerk has authority to assign fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purpose within the general fund.

Assigned fund equity represents those portions of fund equity that are budgeted by the Clerk through the Clerk's formal budgeting process for specific purpose.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. REGISTRY OF COURT FUND OMISSION

The Registry of Court Agency Fund is on a calendar year basis and was audited by other auditors who issued an unqualified opinion dated June 26, 2012 on its financial statements as of December 31, 2011. Since the Registry of Court Agency Fund is on a different fiscal year than the Salary Fund and was audited by other auditors, it is not included in the audit of the Salary Fund.

## 3. CASH AND CASH EQUIVALENTS

At June 30, 2012, the Clerk of Court - Salary Fund, has cash, all in checking accounts (book balances) totaling \$14,003,842 and bank balances for these accounts were \$14,575,252.

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. As of year-end \$14,325,252 of the Clerk's bank balance was exposed to custodial credit risk. These deposits were

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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### 3. CASH AND CASH EQUIVALENTS - (Continued)

collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Clerk's name.

These deposits are secured from risk by \$250,000 of federal deposit insurance, pledged securities with market value of \$1,437,352 and one Federal Home Loan Bank Letter of Credit held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with a par value and a market value of \$13,000,000 at June 30, 2012.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk of court that the fiscal agent has failed to pay deposited funds upon demand.

### 4. RECEIVABLES

The receivables of \$207,695 at June 30, 2012, are for court filing fees and recording fees (\$190,064), documentary tax fees (\$10,279) and NSF & chargeback fees (\$7,352).

### 5. DUE TO JUDICIAL EXPENSE FUND

During fiscal year ended June 30, 2012, 100% of the filing fees collected were deposited into the Clerk's bank account and a portion of those fees were disbursed by the Clerk to the Orleans Parish Civil Judicial Expense Fund at the close of each month. Employee Benefits are paid by the Judicial Expense Fund and billed back to the Clerk each month. As of June 30, 2012, the Clerk had a net balance due to the Judicial Expense Fund of \$530,792. Such amount is represented as Due to Judicial Expense Fund on the Clerk's financial statements.

### 6. PENSION PLANS

#### Louisiana Clerks of Court Retirement and Relief Fund

*Plan Description.* The majority of employees of the Clerk, Civil District Court for the Parish of Orleans are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system provides retirement, survivor, disability and terminated benefits to plan members and beneficiaries.

*Funding Policy.* All full-time employees earning at least \$500 per month who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to an annual retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Final average salary for employees commencing employment on or after October 1, 2006 is the employee's average salary over 60 consecutive months. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the full benefit accrued to their date of termination.

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 6. PENSION PLANS - (Continued)

### Louisiana Clerks of Court Retirement and Relief Fund-(Continued)

The System also provides death and disability benefits. Benefits are established by state statute. Contributions to the System include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

*Annual Pension Cost.* For 2012, the Clerk's annual pension cost of \$740,099 agreed with the Clerk's required contribution of \$740,099. The required contribution was determined as part of the June 30, 2012 actuarial valuation (last available).

Required supplemental information – Schedule of Funding Program of PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
06/30/2008	\$356,502,864	\$441,718,760	\$85,215,896	81%	\$83,637,009	102%
06/30/2009	\$338,755,452	\$424,940,525	\$86,185,073	80%	\$85,840,893	100%
06/30/2010	\$358,981,529	\$445,935,528	\$86,953,999	81%	\$86,484,686	101%
06/30/2012	\$401,136,469	\$488,907,747	\$87,771,278	82%	\$87,238,557	101%

The following provides certain additional disclosures for the Clerk and the retirement system:

Clerk, Civil District Court for the Parish of Orleans	Year Ended June 30, 2012
Total current-year payroll	\$ 2,919,381
Total current-year covered payroll – employer	2,917,820
Total current-year covered payroll – employees (excluding DROP wages)	2,870,000
Actuarially required contribution: Dollar amount	\$ 740,099
Percentage of total actuarially required contribution of all participating employers and employees	3.20%

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 6. PENSION PLANS - (Continued)

### Louisiana Clerks of Court Retirement and Relief Fund - (Continued)

	Required by Statute		Actual Contribution	
Contributions:				
Employees	8.25%	236,775	0%	236,775
Employer	17.25%	503,324	25.50%	503,324
	25.50%	740,099	25.50%	740,099

Actuarial information about the System for its most recent year available, the year ended June 30, 2012, is presented below.

### Louisiana Clerks of Court Retirement and Relief Fund

Estimated payroll for current year	\$ 87,238,557
Actuarially required contributions:	
Actuarially required contribution for dedicated taxes:	
Dollar amount	8,327,179
Percent of estimated payroll	9.55%
Actuarially required contribution for employers and employees:	
Dollar amount	14,500,247
Percent of estimated payroll	16.62%
Total actuarially required contribution:	
Dollar amount	22,827,426
Percent of estimated payroll	26.17%
Net assets, fair value	401,136,469
Pension benefit obligation	488,907,747
Unfunded benefit obligation	\$ 87,771,278

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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### 6. PENSION PLANS - (Continued)

#### Louisiana Clerks of Court Retirement and Relief Fund - (Continued)

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's comprehensive annual financial report. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B-1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

The Clerk, Civil District Court for the Parish of Orleans does not guarantee the benefits granted by the System.

#### Other Pension Plans

On January 1, 2009, three new divisions were consolidated in to the Clerks office. Employees of those divisions who were participants in one of the following plans, continued to participate in those plans. As of January 1, 2009 all new hires under the consolidation are required to participate in the Louisiana Clerks of Court Retirement and Relief Fund.

Plan Description: Those additional plans in which the employees of the Clerk Civil District Court for the Parish of New Orleans participate are as follows:

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System	11:401-542
Employees' Retirement System of the City of New Orleans	City of New Orleans Code Chapter 114

Generally eligibility to participate in one of the plans commences with full time permanent employment and, in some instances, is subject to certain age and earning requirements.

Vesting of full benefits is subject to various years of required service, generally ranging from twelve to thirty years and, in some instances, may require attainment of a minimum age.

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

### 6. PENSION PLANS - (Continued)

#### Other Pension Plans - (Continued)

Annual Retirement benefits under the plans are generally stipulated as a percentage of a participant's defined annual compensation for each year of service. In certain instances, the resulting amount may be increased by a fixed amount. In most cases, annual retirement benefits may not exceed 100% of the participant's defined annual compensation. The plans issue publicly available reports that include financial statements and required supplementary information. The reports may be obtained via contact as follows:

Louisiana State Employees' Retirement System  
8401 United Plaza Blvd  
Baton Rouge, LA 70804-4213  
Telephone: (800) 256-3000  
Fax: (225) 922-0614  
Website: [lasers.state.la.us](http://lasers.state.la.us)

City of New Orleans Employees' Retirement System  
1300 Perdido Street, Room 1E12  
New Orleans, LA 70112  
Telephone: (504) 658-1850  
Fax: (504) 658-1602

Under the terms of the plans, employees contribute a specified percentage of their gross earnings and the Clerk Civil District Court for the Parish of New Orleans also contributes a specified percentage.

#### Louisiana State Employees' Retirement System

*Annual Pension Cost.* For 2012, the Clerk's annual pension cost of \$182,767 agreed with the Clerk's required contribution of \$182,767. The required contribution was determined as part of the June 30, 2012 actuarial valuation.

Required supplemental information – Schedule of Funding Program of PERS (Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
6/30/2008	\$9,167,170	\$13,562,214	\$4,395,044	67.6%	\$2,436,956	180.3%
6/30/2009	\$8,499,662	\$13,986,847	\$5,487,185	60.8%	\$2,562,576	214.1%
6/30/2010	\$8,512,403	\$14,764,015	\$6,251,612	57.7%	\$2,546,457	245.5%
6/30/2011	\$8,763,101	\$15,221,055	\$6,457,954	57.6%	\$2,408,840	268.1%
6/30/2012	\$9,026,416	\$16,157,898	\$7,131,482	55.9%	\$2,341,703	304.5%

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 6. PENSION PLANS - (Continued)

The following provides certain additional disclosures for the Clerk and the Louisiana State Employees' Retirement System:

Clerk, Civil District Court for the Parish of Orleans	Year Ended June 30, 2012
Total current-year payroll	\$ 549,540
Total current-year covered payroll – employer	549,540
Total current-year covered payroll – employees (excluding DROP wages)	549,540
Actuarially required contribution: Dollar amount	182,767
Percentage of total actuarially required contribution of all participating employers and employees	.02%

	Required by Statute	Actual Contribution
Contributions:		
Employees	7.60% \$ 42,099	-% \$ -
Employer	25.60% 140,668	33.20% 182,767
	33.20% \$ 182,767	33.20% \$ 182,767

Actuarial information about the System for its most recent year available, the year ended June 30, 2012, is presented below.

### Louisiana State Employees' Retirement System

Estimated payroll for current year	\$ 2,341,703,286
Actuarially required contributions:	
Actuarially required contribution for dedicated taxes:	
Dollar amount	392,408
Percent of estimated payroll	.02%
Actuarially required contribution for employers and employees:	
Dollar amount	698,486,059
Percent of estimated payroll	29.83%

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 6. PENSION PLANS - (Continued)

Total actuarially required contribution:	
Dollar amount	698,878,467
Percent of estimated payroll	29.86%
Net assets, fair value	9,026,416
Pension benefit obligation	16,157,898
Unfunded benefit obligation	\$ 7,131,482

### City of New Orleans Employees' Retirement System

*Annual Pension Cost.* For 2012, the Clerk's annual pension cost of \$143,458 agreed with the Clerk's required contribution of \$143,458. The required contribution was determined as part of the December 31, 2011 actuarial valuation.

Required supplemental information -- Schedule of Funding Program of PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
12/31/2008	\$ 381,604,003	450,942,554	\$ 69,338,551	84.62%	\$ 78,846,321	87.94%
12/31/2009	\$ 387,146,017	437,475,919	\$ 50,329,902	88.50%	\$ 89,366,260	56.32%
12/31/2010	\$ 384,105,611	511,504,142	\$ 127,398,531	69.36%	\$ 85,926,577	148.26%
12/31/2011	\$ 379,526,159	507,173,226	\$ 150,736,308	74.80%	\$ 93,636,301	161.00%

The following provides certain additional disclosures for the Clerk and the City of New Orleans Employees' Retirement System:

Clerk, Civil District Court for the Parish of Orleans	Year Ended June 30, 2012
Total current-year payroll	\$ 552,351
Total current-year covered payroll – employer	536,786
Total current-year covered payroll – employees (excluding DROP wages)	535,693
Actuarially required contribution:	
Dollar amount	143,458
Percentage of total actuarially required contribution of all participating employers and employees	.44%

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 6. PENSION PLANS - (Continued)

### City of New Orleans Employees' Retirement System - (Continued)

	Required by Statute		Actual Contribution	
Contributions:				
Employees	5.000%	\$51,146	-%	\$ -
Employer	20.655%	92,312	25.655%	143,458
	25.655%	\$143,458	25.655%	\$ 143,458

Actuarial information about the System for its most recent year available, the year ended December 31, 2011, is presented below.

### City of New Orleans Employees' Retirement System

Estimated payroll for current year	\$ 93,636,301
Actuarially required contributions:	
Actuarially required contribution for dedicated taxes:	
Dollar amount	20,850,943
Percent of estimated payroll	22.27%
Total actuarially required contribution:	
Dollar amount	20,850,943
Percent of estimated payroll	22.27%
Net assets, fair value	379,526,159
Pension benefit obligation	507,173,226
Unfunded benefit obligation	\$ 127,647,067

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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### 6. PENSION PLANS - (Continued)

#### City of New Orleans Employees' Retirement System - (Continued)

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's comprehensive annual financial report. The reports may be obtained via contact as follows:

Louisiana Clerks of Court Retirement and Relief Fund  
11745 Bricksome Avenue, Suite B-1  
Baton Rouge, Louisiana 70816  
or by calling (225) 293-1162.

Louisiana State Employees' Retirement System  
8401 United Plaza Blvd  
Baton Rouge, LA 70804-4213  
Telephone: (800) 256-3000  
Fax: (225) 922-0614  
Website: [lasers.state.la.us](http://lasers.state.la.us)

City of New Orleans Employees' Retirement System  
1300 Perdido Street, Room 1E12  
New Orleans, LA 70112  
Telephone: (504) 658-1850  
Fax: (504) 658-1602

The Clerk, Civil District Court for the Parish of Orleans does not guarantee the benefits granted by any of the Systems.

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

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### **7. OTHER POST-EMPLOYMENT BENEFITS**

As of July 1, 2009, the Clerk has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The adoption of this standard requires the prospective recognition of Other Post Employment Benefits (OPEB) in the basic financial statements (net of contributions to any irrevocable trust). Prior to July 1, 2009, the Clerk did not recognize any OPEB liability in the basic financial statements. During the current year the Clerk was not required to and did not have another actuarial calculation performed on the annual OPEB cost and consequently the same estimate was made for the current year.

The Clerk, Civil District Court for the Parish of Orleans provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and the Clerk of Court. The Clerk of Court includes the cost of providing these benefits (the Clerk's portion of the premiums) in insurance expense when the monthly premiums are due. The cost of such premiums borne by the Clerk of Court amounted to \$71,107 for 2012. These benefits are provided in accordance with the provisions of the Office of Group Benefits (OGB) in which the Clerk, Civil District Court for the Parish of Orleans office participates as described in note 6.

*Plan Description.* The Clerk's defined benefit postemployment health care plan ("the Retiree Health Plan") provides medical, dental and life insurance benefits to eligible retired employees and their beneficiaries. The Retiree Health Plan is affiliated with the Office of Group Benefits (OGB), an agent multiple-employer postemployment healthcare plan administered by the Office of Group Benefits (OGB).

*Funding Policy.* The contribution requirements of plan members and the Clerk are established and may be amended by the Office of Group Benefits (OGB). The retiree portion of health is 25% for retirees hired prior to 1/1/02 and ranges from 19% to 75% based on years of service for retirees hired after 1/1/02. The clerk pays 50% of basic life premiums and approximately 67% of dental.

*Annual OPEB and Net OPEB Obligation.* For 2012, the Clerk's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the ARC represents the level of funding theta, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

### 7. **OTHER POST-EMPLOYMENT BENEFITS - (Continued)**

The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$350,203
Interest on Net OPEB Obligation	14,008
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	364,211
Contributions Made	(71,107)
Increase in Net OPEB Obligation	293,104
Net OPEB Obligation - beginning of year	632,159
Net OPEB Obligation - end of year	\$925,263

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal Year 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2010	\$364,211	11.1%	\$323,652
June 30, 2011	\$364,211	15.3%	\$632,159
June 30, 2012	\$364,211	19.5%	\$925,263

*Funded Status and Funding Progress.* Per Actuarial Valuation calculated as of July 1, 2009, the Actuarial Accrued Liability ("ALL") for benefits was \$3,959,203, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan was \$2,651,861, and the ratio of the unfunded ALL to the covered payroll was 149%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presented at the conclusion of this note, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

*Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

# Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

## 7. OTHER POST-EMPLOYMENT BENEFITS - (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuations, the entry age actuarial cost method was used. Based on the Clerk's short-term investment portfolio, a discount rate of 4.0% was used. In addition, the actuarial assumptions included an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.5% after 10 years. The Clerk's actuarial liability is being amortized as a level percentage of projected payrolls on an open basis over 30 years.

### Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded ALL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / c)
July 1, 2009	\$0	\$3,959,203	\$3,959,203	0.0%	\$2,651,861	149%

The cost of such premiums borne by the Clerk of Court for both active and retired participants amounted to \$812,373 for 2011 and \$964,477 for 2012. These benefits are provided in accordance with the provisions of the Louisiana Clerks of Court Retirement and Relief System in which the Clerk's office participates as described in Note 7.

## 8. CAPITAL ASSETS

A schedule of changes in capital assets follows:

	Balance 6/30/11	Additions	Disposals	Balance 6/30/12
Equipment	\$ 254,574	\$ 398,614	-	\$ 653,188
Accumulated Depreciation	112,181	124,337	-	236,518
Capital Assets, Net	\$ 142,393	\$ 274,277	-	\$ 416,670

Included in Equipment assets above is \$115,902 of software that is an intangible asset. Amortization of \$19,843 was recorded on all intangible assets in the current year. The net book value of intangibles is \$80,329.

## Clerk, Civil District Court for the Parish of Orleans

Notes to the Financial Statements  
Year Ended June 30, 2012

### **9. FACILITIES, FURNITURE, FIXTURES AND EQUIPMENT OWNED BY OTHER ENTITIES**

The office space occupied by the Clerk, Civil District Court for the Parish of Orleans is owned by the City of New Orleans, which is statutorily required to provide office space for the Clerk.

### **10. LEASE COMMITMENTS**

The Clerk has two non-cancellable long-term lease agreements for office space that expire July 2013 and April 2014. The Clerk has two non-cancellable long-term lease agreements for file storage that expire May 2014. Lease payments made during the year totaled \$547,928 which is included in office operations. The monthly minimum lease rental for the leases is \$45,389.

Future minimum lease payments, by year and in the aggregate, under non-cancellable leases for office space with initial or remaining terms of one year or more consisted of the following at June 30, 2011.

2013	\$	424,839
2014		329,950
	\$	754,789

The Clerk has three lease agreements for vehicles. The lease terms for one of these leases is 36 months beginning on the date the lease is signed and the other two are 48 months. Lease payments made for the vehicles during the year totaled \$14,356 which is included in office operations. The monthly minimum lease rental for the leases is \$1,410.

Future minimum lease payments, by year and in the aggregate, under non-cancellable vehicle leases with initial or remaining terms of one year or more consisted of the following at June 30, 2011.

2013	\$	14,485
2014		8,002
2015		1,200
	\$	23,687

### **11. DUE FROM JUDICIAL EXPENSE FUND**

The bank account balances as of December 31, 2008, of the Mortgage and Conveyance offices were required to be transferred from the Judicial Expense Fund to the Clerk of Court upon consolidation of Mortgage and Conveyance into the Clerk of Court pursuant to Act 621 of the 2006 regular legislative session. The initial balance of the transfer and amount to be received from the Judicial Expense Fund is \$1,435,539 and is recorded in the Government Wide Financial Statements. As of June 30, 2012, the Judicial Expense Fund agreed to transfer one percent per month its share of filing fees to the Clerk of Court. These payments began on September 9, 2012.

# Clerk, Civil District Court for the Parish of Orleans

Required Supplementary Information  
Budgetary Comparison Schedule – General Fund  
Year Ended June 30, 2012

	Original Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Fees, charges, and commissions for services:			
Filing and recording fees for legal documents	\$ 8,752,701	\$ 9,706,186	\$ 953,485
Fees for copies of documents	1,204,004	1,126,823	(77,181)
FEMA Stabilization project	300,000	-	(300,000)
Miscellaneous	-	219,202	219,202
Interest Earnings	223,212	234,748	11,536
<b>Total Revenues</b>	<b>\$ 10,479,917</b>	<b>\$ 11,286,959</b>	<b>\$ 807,042</b>
<b>Expenditures</b>			
General government:			
Personnel services and related			
Benefits	\$ 8,219,785	\$ 6,533,104	\$ 1,686,681
Operating services	2,418,815	2,276,686	142,129
Computers, Equipment, Furniture & Supplies	1,115,464	398,614	716,850
<b>Total Expenditures</b>	<b>\$ 11,754,064</b>	<b>\$ 9,208,404</b>	<b>\$ 2,545,660</b>
Excess revenues (expenditures)	(1,274,147)	2,078,555	3,352,702
Fund balance at beginning of year	12,189,040	11,086,423	(1,102,617)
Fund balance at end of year	\$ 10,914,893	\$ 13,164,978	\$ 2,250,805

*See notes to financial statements*

**CLERK, CIVIL DISTRICT COURT**  
**FOR THE PARISH OF ORLEANS**

**REPORTS REQUIRED BY GAO**

**YEAR ENDED JUNE 30, 2012**



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Dale N. Atkins  
Clerk, Civil District Court for the Parish of Orleans  
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund - Salary Fund of the Clerk, Civil District Court for the Parish of Orleans, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

Thibodaux, Louisiana  
December 12, 2012



**Clerk, Civil District Court for the Parish of Orleans**  
**SCHEDULE OF CURRENT YEAR FINDINGS**  
**Year Ended June 30, 2012**

**Section I - Summary of Auditor's Reports**

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under Government Auditing Standards were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The Clerk neither received nor expended any federal awards during the year.

**Section II - Financial Statement Findings**

- There were no financial statement findings during the audit of the basic financial statements.

**Section III - Federal Award Findings and Questioned Costs**

- There were no federal awards received during the fiscal year.

